

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 IO-13 ISO-00 CIAE-00 COME-00 EB-08
INR-10 LAB-04 NSAE-00 SIL-01 HA-05 PA-01 ICA-11
L-03 /079 W
-----011534 301017Z /17

R 300855Z MAY 78
FM AMCONSUL JOHANNESBURG
TO SECSTATE WASHDC 7733
INFO AMEMBASSY BRUSSELS
AMCONSUL CAPE TOWN
AMCONSUL DURBAN
AMEMBASSY LONDON
AMEMBASSY PRETORIA
USMISSION USUN NEW YORK

LIMITED OFFICIAL USE JOHANNESBURG 1353

CAPE TOWN ALSO FOR EMBASSY

E.O. 11652: N/A
TAGS: PLAB, EINV, SHUM, SF, US, EEC
SUBJ: NEW SAG RESTRICTIONS ON DISCLOSURE OF BUSINESS AND
EMPLOYMENT PRACTICES

REF: (A) JOHANNESBURG 1332, (B) JOHANNESBURG 1276 (NOTAL)

1. SUMMARY: NEW LEGISLATION HAS BEEN INTRODUCED IN PARLIAMENT PROHIBITING THE DISCLOSURE BY LOCAL FIRMS AND SUBSIDIARIES OF MULTI-NATIONALS OF INFORMATION ABOUT THEIR SOUTH AFRICAN OPERATIONS. ALTHOUGH NOT YET LAW, THE MEASURE HAS, DUE TO ITS RETROACTIVE PROVISIONS, ALREADY AFFECTED COMPLIANCE WITH THE POST'S CURRENT EMPLOYMENT PRACTICES SURVEY. END SUMMARY.

2. LEGISLATION ENTITLED THE "PROTECTION OF BUSINESS
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BILL" WAS TABLED IN PARLIAMENT ON MAY 29 BY MINISTER OF ECONOMIC AFFAIRS CHRIS HEUNIS. THE MEASURE, WHICH IS DESIGNED TO STOP THE FLOW OF ECONOMIC INTELLIGENCE TO ANTI-APARTHEID GROUPS, WILL MAKE IT ILLEGAL FOR LOCAL FIRMS AND SOUTH AFRICAN SUBSIDIARIES OF MULTI-NATIONAL COMPANIES TO DISCLOSE INFORMATION ABOUT THEIR OPERATIONS IN SOUTH AFRICA. SIMILAR TO THE GENERAL LAW AMENDMENT

ACT OF 1974, THE BILL STATES THAT NO LEGAL JUDGMENT, ORDER, DIRECTIONS OR ARBITRATION AWARD EMANATING FROM OUTSIDE SOUTH AFRICA, NOR ANY LETTER OR REQUEST, SHALL BE ENFORCED IN THE REPLUBLIC. ANYONE FOUND GUILTY OF COMPLYING WITH ANY SUCH ORDER WILL, ON CONVICTION, BE LIABLE TO A FINE OF UP TO 2,000 RAND (ONE RAND EQUALS APPROXIMATELY 1.15 DOLLARS), A TWO-YEAR JAIL SENTENCE, OR BOTH.

3. INFORMATION DENIED IN TERMS OF THE BILL COVERS EVERY FACET OF COMMERCE AND INDUSTRY IN SOUTH AFRICA, INCLUDING INDUSTRIAL PRODUCTION, IMPORTS AND EXPORTS, REFINING PROCESSES, AND THE OWNERSHIP, USE OR SALE OF ANY MATTER OR MATERIAL, WHATEVER ITS NATURE. WHILE THE LEGISLATION IS RETROACTIVE, PROVISION IS MADE FOR COMPANIES TO BE EXEMPTED FROM THE BLANKET BAN ON DISCLOSING INFORMATION IF EXPRESS PERMISSION IS OBTAINED FROM THE MINISTER OF ECONOMIC AFFAIRS, WHO MAY IMPOSE WHATEVER CONDITIONS HE DEEMS FIT.

4. COMMENT: THIS LEGISLATION, WHICH IS LIKELY TO BE APPROVED EVEN BY THE OPPOSITION PROGRESSIVE FEDERAL PARTY, WILL AFFECT THE IMPLEMENTATION OF THE EEC CODE OF EMPLOYMENT PRACTICE, AS WELL AS THE PRIVATE U.S. SULLIVAN CODE AND OFFICIAL U.S. GOVERNMENT INQUIRIES SUCH AS THE CURRENT EMPLOYMENT PRACTICES SURVEY. SINCE SOME COMPANIES WERE GIVEN ADVANCE NOTICE OF THIS EX POST FACTO LEGISLATION, LIMITED OFFICIAL USE

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TION, ONE FIRM REQUESTED THAT ITS COMPLETED QUESTIONNAIRE BE RETURNED AND SEVERAL HAVE PREFERRED NOT TO RESPOND. JOHNSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUSINESS FIRMS, INFORMATION CONTROL
Control Number: n/a
Copy: SINGLE
Draft Date: 30 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978JOHANN01353
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780225-0835
Format: TEL
From: JOHANNESBURG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978058/aaaaagrf.tel
Line Count: 97
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: bf992aa2-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 JOHANNESBURG 1332, 78 JOHANNESBURG 1276
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2753678
Secure: OPEN
Status: NATIVE
Subject: NEW SAG RESTRICTIONS ON DISCLOSURE OF BUSINESS AND EMPLOYMENT PRACTICES
TAGS: ELAB, EINV, SHUM, SF, US, EEC
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/bf992aa2-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014